

From: Gonzalez, Arthur

Sent: Saturday, January 14, 2017 7:08 PM

To: [Redacted for PII]

Subject: Re: Puerto Rico (U.S. Intelligence) - Puerto Rico Says It Cannot Comply With Fiscal Plan Delivery Date

Ok. Will get back to you.

On Jan 14, 2017, at 1:52 PM, [Redacted for PII] wrote:

Arthur-

That would be great. I can do Wed or Thurs morning at any time that works for you and Clayton.

Sent from my BlackBerry 10 smartphone.

From: Gonzalez, Arthur

Sent: Saturday, January 14, 2017 1:22 PM

To: Hiteshew, Kent

Cc: Gonzalez, Arthur

Subject: Re: Puerto Rico (U.S. Intelligence) - Puerto Rico Says It Cannot Comply With Fiscal Plan Delivery Date

Kent,

I had a good conversation with Clayton Gillette at NYU.

He is interested in a meeting with you. What is your schedule for next week. A meeting over coffee in am or afternoon would be fine.

Arthur

On Jan 14, 2017, at 9:14 AM, [Redacted for PII] wrote:

Subject: Puerto Rico (U.S. Intelligence) - Puerto Rico Says It Cannot Comply With Fiscal Plan Delivery Date

Auto forwarded by a Rule

Puerto Rico

Puerto Rico Says It Cannot Comply With Fiscal Plan Delivery Date

The Puerto Rico government said today that it would not be able to comply with a Jan. 15 deadline to submit a fiscal plan after Gov. Ricardo Rosselló and other administration officials held an hour-long meeting with four members of the PROMESA oversight board and their financial and legal advisors.

Elías Sánchez, the governor's representative to the PROMESA board, said after the meeting that the deadline remains in place according to the board's proposed schedule but that the administration, which took office Jan. 2, will not have enough time to submit the plan. The board set the Jan. 15 deadline for the commonwealth to submit a proposal and said it planned to certify the plan by Jan. 31.

"Part of what we discussed today was why we would not be able to comply with the Jan 15 date," Sánchez said, adding that the administration has just started to form its working groups and compile information for the plan. "All of the work that the commonwealth government has undertaken has been based on the fiscal plan of [Former Gov. Alejandro]

García Padilla, which simply does not comply with any of the parameters of the PROMESA law. What the García Padilla administration presented was not a plan; it was a way to maintain everything the way it is and eliminate the debt. That is simply not a fiscal plan.”

Sánchez said that the board still has under its consideration the request by the Rosselló administration to extend by 45 more days the date to certify a fiscal plan as well as an extension of the PROMESA stay, which is set to expire Feb. 15 but can be pushed back by the board to May 1.

Sánchez said he expected the board to make a decision on the fiscal plan request extension before the Jan. 31 date the board had set to approve a plan. The board will convene another meeting before then, and it could take up the matter then, he added.

“This was not a meeting to make decisions on our request, but obviously the governor expressed why we need that extension for the fiscal plan,” he said.

Sánchez also reiterated that the commonwealth government would be leading debt talks with creditors aimed at reaching a consensual deal to restructure debt, but he said the board would be involved in the effort.

“It is the government of Puerto Rico which has the responsibility under the federal law to undertake the good faith negotiations. That’s not to say that this will occur in isolation because the product of the negotiation has to be validated and certified by the board. If the board does not agree with the negotiation, it would be a futile negotiation. So this will be an effort where the government captains the effort but the board will be a part of it,” Sánchez said, adding that the board will have representatives attending the debt talks. He said that he has been attending all board work sessions as the governor’s representative to the board.

The meeting was called to better coordinate efforts between the board, the commonwealth government and the advisor teams that both are assembling, according to Sánchez. He said legal counsel for the board from the Proskauer Rose law firm began coordinating efforts with Dentons US, the law firm hired this week by the Puerto Rico Fiscal Agency and Financial Advisory Agency. Meanwhile, McKinsey and Co., the board’s strategic advisor, began coordinating efforts with FAFAA’s legal team.

Officials also used the meeting to establish parameters on the flow of financial information from the commonwealth government to the board, including cash flow projections. This integration of efforts and coordination regarding financial information is “vital” to the creation of a fiscal plan.

Sánchez said the provision of such information would also help the board make a determination on the commonwealth’s extension requests.

He said the level of coordination between the commonwealth and the board is distinct from the experience of the previous administration and is resulting in an operations plan that is good for the people of Puerto Rico.

Attending the meeting was PROMESA board chairman José Carrión and members Carlos García, José Ramón González and Ana Matosantos.

Sánchez also said the FAFAA continues the process to hire a financial advisors and held a round of interviews with prospective firms this week. He said the agency would announce a decision as soon as it selects an advisor. Sources near the matter say a selection is imminent.

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